

## INFORMATION PAPER

CECW-EP  
7 April 1998

SUBJECT: Civil Works Private Sector Contracting

1. **PURPOSE:** This paper presents an overview of the Civil Works Private Sector Contracting program. The program was developed to meet the targets included in the Committee report that accompanied the Energy and Water Development Appropriations Act, 1997, P.L. 104-206. A copy of the language is attached for your information (Attachment A).

2. **BACKGROUND:** Contracting targets have been issued to the MSC's since Fiscal Year 1991 as part of the manpower allocation system (FORCON). The targets varied by MSC based on workload. The Corps average target in Fiscal Year 1995 was 35% for Planning and 42% for Engineering. In Fiscal Year 1996 the Corps average target was 32% for Planning and 39% for Engineering. Since the previous targets were used for manpower allocation, the actual performance at the end of the fiscal year were not tracked. Because some Districts were reporting much higher levels of contracting than they were actually achieving, members of the American Consulting Engineers Council (ACEC) sought assistance from their Congressional delegation to force the Corps of Engineers to increase its level of contracting. This action first resulted in language that required a 50% level of contracting; however, discussions with the Congressional staffs arrived at the targets in the final language, which are 35% for Planning and 40% for Engineering. With command emphasis, the Corps programmatic targets for Fiscal Year 1997 were met and exceeded. Planning achieved a 40.8% level of contracting and Engineering achieved a 40.2% level of contracting.

3. **FISCAL YEAR 1998 TARGETS:** Each MSC has been assigned targets for Fiscal Year 1998 which allow the Corps to meet the programmatic goals for 35% for Planning and 40% for Engineering. The targets were developed from the FORCON data submitted by the Districts and vary based on the workload mix in the District's program. The variance occurs because some types of work are more contractible than other types of work. For example, the \$100,000 reconnaissance studies are based mainly on available information; therefore, these studies have a low level of contractibility. Whereas, the Super Fund work has historically been contracted at a level of 80% to 85%.

4. **FISCAL YEAR 1998 PERFORMANCE:** A review of the MSC's plans for contracting during this fiscal year found that all MSC's are aggressively seeking to increase their level of contracting and that all of the MSC's will meet or exceed their targets. The Corps performance is projected to meet the programmatic targets at the end of this fiscal year.

5. **PROBLEM AREA:** A number of Districts are still experiencing problems in accounting for all private sector contracting. This problem has been magnified in some Districts due to the conversion of the accounting system to CEFMS. Headquarters is working with the MSC's through Resource Management channels to correct this problem.

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6. OUTLOOK FOR FISCAL YEAR 1999 AND BEYOND: The Corps will still have programmatic goals. To meet these targets all MSC's must continue to emphasize contracting. In some cases the targets combined with overall program downsizing will required a reduction in the Planning and Engineering staffs within a District. Because of the continuing contracting targets, the Corps cannot revert back to its previous management philosophy of reducing or eliminating contracting prior to reducing staff.

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CONFERENCE REPORT LANGUAGE  
ACCOMPANYING  
ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, 1997

The conferees are aware of recent efforts by the Corps of Engineers to increase the use of the private sector in performing planning, engineering and design work for Corps projects. However, the conferees believe that the Corps of Engineers needs to intensify these efforts. The conferees expect the Corps, on a programmatic basis, to achieve a goal of having the private sector perform at least 35% of planning, and 40% of engineering, design work and construction phase services for projects as defined in 40 U.S.C. 541-544. Additionally, in those instances where a district office has not achieved a contracting level of at least 25% of planning, engineering, design work and construction phase services for projects in that district, private sector contracting should be increased by 10 percentage points in fiscal year 1997 and in each subsequent year until the level of work contracted to the private sector reaches at least 25%; however, in no case shall the actual increase per year be less than 5 percentage points. It is not the conferees' intent that the Corps reduce the contracting levels in those offices that are already conducting more than 35% of planning, and 40% of engineering, design work, and construction phase services with the private sector. Contracting with the private sector as set forth above shall continue to be conducted in compliance with the normal qualification based selection process found in 40 U.S.C. 541-544.